

Message Text

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E.O. 11652: N/A
TAGS: FR, EEW, EFIN
SUBJECT; FRENCH AGREEMENTS IN EAST-WEST TRADE FINANCING

REF: (1) PARIS A-493, SEPT. 16, 1974; (2) PARIS 24679,
OCT. 18, 1974; (3) PARIS 29497, DEC. 9, 1974

BACKGROUND: 1. WE UNDERSTAND THAT THE FRENCH MINISTRY
OF FINANCE HAS BILATERAL GOVERNMENT-TO-GOVERNMENT AGREE-
MENTS WITH THE USSR AND THE COUNTRIES OF EASTERN EUROPE
COVERING CREDIT TERMS FOR EAST-WEST TRADE FINANCING (E.G.,
RECENT FRENCH-SOVIET 1976-1980 LINE OF CREDIT FOR 12.5
BILLION FRANCS).

2. WE FURTHER UNDERSTAND THAT ON THE BANKING LEVEL PROVI-
SIONS FOR MAKING CONCRETE USE OF THE FINANCIAL RESOURCES
THUS MADE AVAILABLE ARE SET OUT IN INTER-BANK FINANCIAL
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PROTOCOLS. FIVE FRENCH-OWNED BANKS (CREDIT LYONNAIS,

SOCIETE GENERALE, CREDIT COMMERCIALE DE FRANCE, BANQUE DE PARIS ET PAYS BAS, AND BANQUE DE SUEZ) HAD SUCH SPECIAL BLANKET AGREEMENTS WHICH WE UNDERSTAND EXPIRED AT THE END OF 1974 WITH THE FOREIGN TRADE BANKS OF THE USSR AND THE EAST EUROPEAN COUNTRIES. AS A SOVIET-OWNED BANK, BANQUE COMMERCIALE POUR L'EUROPE DU NORD (EUROBANK) IS APPARENTLY SEPARATE FROM THESE ARRANGEMENTS.

ACTION REQUESTED:

3. DEPARTMENT WOULD APPRECIATE THE POST PROVIDING THE FOLLOWING INFORMATION FOR INCLUSION IN FORTHCOMING BEWT PUBLICATION OF A "HANDBOOK ON EAST-WEST TRADE FINANCING".

4. WHAT EAST EUROPEAN COUNTRIES (EXCLUDING YUGOSLAVIA) DOES GOF HAVE BILATERAL FINANCING AGREEMENTS WITH FOR 1976-1980 PERIOD AS REFERRED TO IN NO. 1 ABOVE? DOES GOF HAVE SUCH AN AGREEMENT WITH THE PEOPLE'S REPUBLIC OF CHINA (PRC)? PLEASE INDICATE WHERE POSSIBLE FOR EACH COUNTRY TOTAL SUMS INVOLVED, RANGE OF INTEREST RATES, MATURITY OF CREDITS AND ARRANGEMENTS FOR REPAYMENTS OF CREDITS GRANTED (E.G., GRACE PERIOD IF ANY, COUNTER-PURCHASE AND/OR PRODUCT PAY-BACK ARRANGEMENTS, ETC.) AS AN EXAMPLE OF THE ABOVE: THE 1976-1980 FRENCH-SOVIET LINE OF CREDIT SIGNED IN DECEMBER 1974 IS FOR 12.5 BILLION FRANCS (\$2.5 BILLION) AT 7.55 INTEREST FOR SOVIET PURCHASE OF INDUSTRIAL EQUIPMENT IN FRANCE. REPAYMENT ARRANGEMENTS APPARENTLY WILL INCLUDE BOTH COUNTER-PURCHASE AND PRODUCT PAY-BACK, AS APPROPRIATE, IN ADDITION TO NORMAL CASH PAYMENTS.

5. HAVE THE FIVE FRENCH BANKS LISTED IN NO. 2 ABOVE RENEWED OR INITIATED INTERBANK FINANCIAL PROTOCOLS WITH THE FOREIGN TRADE BANKS OF EASTERN EUROPE (EX (EXCLUDING YUGOSLAVIA) THE USSR AND THE BANK OF CHINA (PRC)? IF SO, PLEASE LIST THESE AGREEMENTS. ALSO, PLEASE PROVIDE ADDITIONAL DETAILS IF POSSIBLE.

6. IF INFORMATION REQUESTED ABOVE IS AVAILABLE ONLY IN CLASSIFIED FORM, DEPARTMENT WOULD APPRECIATE RECEIVING UNCLASSIFIED

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SAME ON THAT BASIS FOR INTERNAL USE ONLY.

7. PLEASE CABLE REPLY WITH COPIES MARKED BEWT/COMMERCE, ATTENTION SUZANNE PORTER. INGERSOLL

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